



BBAM UK Limited

Directors' Report and Financial Statements for the year ended
31 December 2022

BBAM UK Limited

Directors' Report and Financial Statements

<i>Contents</i>	<i>Page</i>
Directors and Other Information	1
Strategic Report	2
Directors' Report	5
Independent Auditor's Report	7
Statement of Comprehensive Income	10
Statement of Financial Position	11
Statement of Changes in Equity	12
Statement of Cash Flows	13
Notes to the Financial Statements	14

BBAM UK Limited

Directors and Other Information

Directors	Maxwell David Pentelow Steven Zisis Vincent Cannon
Registered Office	Suite 1, 3 rd Floor Floor 50 Broadway London, United Kingdom, SW1H 0BL
Company Secretary	Vistra Company Secretaries Limited
Registered Number of Incorporation	7037498
Auditors	Ernst & Young Chartered Accountants Ernst & Young Building Harcourt Centre Harcourt Street Dublin 2
Bankers	Deutsche Bank AG London 1 Great Winchester Street EC2N 2 DB London United Kingdom Union Bank 350 California Street San Francisco CA – 94104 United States

BBAM UK Limited

Strategic Report

The Directors present herewith their strategic report and audited financial statements for the year ended 31 December 2022.

Principal Activities and Review of the Development of the Business

The principal activity of BBAM UK Limited (the “Company”) is the provision of management services to BBAM Limited Partnership and its subsidiary companies (collectively “BBAM LP”). The Directors expect these activities to continue for the foreseeable future. The Directors continue to review and seek business opportunities for the Company. The Company is operated and managed as a single operating segment.

Principal Risks and Uncertainties

BBAM UK Limited, in the course of its business activities, is exposed to market, credit, liquidity, foreign currency and interest rate risk. The Company in turn has a financial risk policy that is managed by a fellow group undertaking, BBAM Aircraft Management LP (“BBAM”). The Board of Directors ensures that risks are identified and managed in accordance with the objectives of the organisation. The financial risks are discussed in more detail in Note 18 Risk and uncertainties.

Results for the Year and State of Affairs at 31 December 2022

The Statement of Comprehensive Income for the year ended 31 December 2022 and the Statement of Financial Position at that date are set out on pages 10 and 11. The profit on ordinary activities for the year before taxation amounted to US\$72,191 (2021: US\$68,710). After charging taxation of US\$14,915 (2021: credit of US\$11,282), a profit of US\$57,276 (2021: US\$79,992) is transferred to reserves. Shareholders’ funds at 31 December 2022 amounted to a surplus of US\$ 926,851 (2021: US\$869,575). The Directors did not recommend a dividend be paid in respect of the current financial year (2021: US\$Nil).

Directors’ Interests

The Directors who served during the year are set out on page 1 of these financial statements. The Directors who held office at 31 December 2022 had no interest in the share capital of the Company at any time during the financial year. In accordance with the Articles of Association the Directors are not required to retire by rotation.

COVID-19 Pandemic; Russia-Ukraine Conflict; and Going Concern

These financial statements have been prepared on a going concern basis. The COVID-19 pandemic and the measures implemented by governmental authorities in response to it, continue to impact the financial condition, cash flows and results from operating activities of the Company and its customers, albeit to a lesser degree than in prior years. The effects of COVID-19 continue to evolve, including the risk posed by new coronavirus variants, among other things, which precludes predictions as to its ultimate impact on global financial markets and economic conditions, and on the financial condition, cash flows and results from operating activities of the Company and its customers.

Since Russian troops invaded Ukraine in February 2022, the United States (“U.S.”), European Union (“EU”), and United Kingdom (“UK”), among others, have imposed a broad range of sanctions and export controls on Russia and Russian businesses and individuals. Although the Company has no operations or customers in Russia or Ukraine and believes the direct impact of the conflict on its business will be limited, the Company believes it may be impacted indirectly, including by potential negative impacts on the business and prospects of its customers, delays in maintenance, and volatility in interest rates, commodity prices and foreign currency exchange rates. In light of the continuously evolving situation, it is impossible to predict the impact that the conflict will have on the Company’s business and prospects.

BBAM UK Limited

Strategic Report (continued)

COVID-19 Pandemic; Russia-Ukraine Conflict; and Going Concern (continued)

The Directors have considered the impact of COVID-19 pandemic and the Russia-Ukraine conflict on the Company's going concern assumption and has concluded it does not represent a material uncertainty in relation to the Company's ability to continue as a going concern for at least twelve months from the date of the issuance of these financial statements.

All liabilities are owing to fellow group entities, as a result, the Directors have considered the impact on BBAM Limited Partnership ("BBAM LP"), the ultimate parent undertaking and controlling party, and its subsidiaries, in the context of the Group's use of the going concern basis of preparation at the date of signing of these financial statements by evaluating all cash inflows and outflows of BBAM LP and its subsidiaries, over the coming year under the following assumptions, judgements and estimates;

- the current cash and liquidity position and its committed income,
- the estimated cash outflows to cover all obligations for the next twelve months, and
- the letter of support provided by the ultimate parent undertaking and controlling party.

Based on this analysis and all information available at present, the Directors believe that the Company has sufficient liquidity to meet its obligations as they fall due and that it continues to be appropriate to prepare the financial statements on a going concern basis of preparation.

Transactions involving Directors

There are no loans advanced to the Directors at any time during the financial period. There were no contracts or arrangements in relation to the business of the Company in which the Director had any interest at any time during the year ended 31 December 2022.

Dividends

No dividends were paid during the financial period (2021:\$Nil).

Issue of Shares

The Company issued 1 ordinary share on 7 January 2013 to BBAM International Limited Partnership. No shares were issued during the financial period.

Events after the Reporting Period

There are no significant events subsequent to 31 December 2022 that require adjustment to or disclosure in these financial statements.

Political Donations

No political donations were made by the Company during the year (2021: US\$Nil).

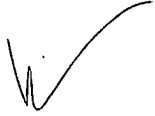
Charitable Contributions

No charitable contributions were made by the Company during the year (2021: US\$Nil).

BBAM UK Limited

Strategic Report (continued)

Approved by the Board and authorised for issue on 08 September 2023.

A handwritten signature in black ink, appearing to be 'V. Cannon', written over a horizontal line.

Director
Vincent Cannon

BBAM UK Limited

Directors' Report

The Directors present herewith their annual report and audited financial statements for the year ended 31 December 2022.

Disclosure of Information to the Auditors

So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow Directors and the Company's auditor, each Director has taken all the steps that he is obliged to take as a Director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Directors' Qualifying Third Party Indemnity Provisions

The Company benefits from an indemnity policy which protects its Directors against liability in respect of proceedings brought by third parties, subject to conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the Directors' Report.

Directors' Responsibilities Statement

The Directors are responsible for preparing the financial statements in accordance with UK adopted international accounting standards ("IFRS") and applicable law.

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- state whether the financial statements have been prepared in accordance with applicable accounting standards, identify those standards and note the effect and the reasons for any material departure from those standards.

The Directors confirm that they have complied with the above requirements in preparing the financial statements. The Directors are responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the provision of the applicable Companies Acts.

They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Company has elected to disclose the following matters in the Strategic Report as the Directors consider these to be of strategic importance:

- Principal activities and review of the development of the business
- Going concern and the COVID-19 pandemic
- Transactions with directors
- Subsequent events

BBAM UK Limited

Directors' Report (continued)

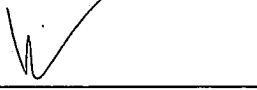
Accounting Records

The Directors believes that they have complied with the requirements of the Companies Act, 2006, with regard to the keeping of accounting records, including the provision of appropriate resources to maintain adequate accounting records, including the appointment of personnel with appropriate qualifications, experiences and expertise.

Independent Auditors

Ernst & Young, Chartered Accountants, will be proposed for reappointment in accordance with section 485 of the Companies Act, 2006.

Approved by the Board and authorised for issue on 08 September 2023.

A handwritten signature in black ink, appearing to be 'V. Cannon', is written over a horizontal line.

Director
Vincent Cannon

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BBAM UK LIMITED

Opinion

We have audited the financial statements of BBAM UK Limited ('the Company') for the year ended 31 December 2022 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and Statement of Cash Flows and the related notes 1 to 20, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards.

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2022 and of its profit for the year then ended 31st December 2022;
- have been properly prepared in accordance with UK adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period from the date when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BBAM UK LIMITED

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BBAM UK LIMITED

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are UK adopted international accounting standards
- We understood how the Company is complying with those frameworks by the oversight of those charged with governance, the culture of honesty and ethical behaviour and whether a strong emphasis is placed on fraud prevention, which may reduce opportunities for fraud to take place, and fraud deterrence
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by understanding of the Company's policies and procedures on fraud risks
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved management inquiries and obtaining legal confirmation from the legal counsel

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



John McCormack
for and on behalf of Ernst & Young, Statutory Auditor

Dublin

Date: 8 September 2023

BBAM UK Limited

Statement of Comprehensive Income for the year ended 31 December 2022

	Note	2022 US\$	2021 US\$
Operating income	2	216,108	220,444
Operating expense	3	(143,917)	(151,734)
Net operating profit on continuing operations		72,191	68,710
Profit on ordinary activities before taxation		72,191	68,710
Tax (charge)/credit on profit on ordinary activities	4	(14,915)	11,282
Profit on ordinary activities after taxation		57,276	79,992

The Company has adopted a single Statement of Comprehensive Income. There are no components of Other Comprehensive Income and therefore no separate Statement of Other Comprehensive Income has been prepared.

The accompanying notes on pages 14 to 33 form an integral part of these financial statements.

BBAM UK Limited

Statement of Financial Position at 31 December 2022

	Note	2022 US\$	2021 US\$
Current assets			
Cash and cash equivalents	5	865,782	712,751
Trade receivable	7	—	4,541
Amounts due from fellow group undertakings	6	87,253	173,261
Income tax receivables		3,835	6,478
Other assets	8	2,671	2,608
		959,541	899,639
Non-current assets			
Deferred tax assets	4	—	—
		—	—
Total assets		959,541	899,639
Current liabilities			
Amounts due to fellow group undertakings	9	7,414	4,452
Other liabilities	10	25,276	25,612
Total liabilities		32,690	30,064
Equity			
Share capital	11	1	1
Retained earnings		926,850	869,574
Total equity		926,851	869,575
Total liabilities and equity		959,541	899,639

The accompanying notes on pages 14 to 33 form an integral part of these financial statements.

Approved by the Board and authorised for issue on 08 September 2023.



Director
Vincent Cannon

BBAM UK Limited

Statement of Changes in Equity for the year ended 31 December 2022

	Share Capital US\$	Retained Earnings US\$	Total Equity US\$
Balance at 1 January 2021	1	789,582	789,583
Profit for the year	–	79,992	79,992
Balance at 31 December 2021	1	869,574	869,575
Profit for the year	–	57,276	57,276
Balance at 31 December 2022	1	926,850	926,851

No dividends were paid in 2022 (2021: US\$Nil).

BBAM UK Limited

Statement of Cash Flows for the year ended 31 December 2022

	2022 US\$	2021 US\$
Cash flows from operating activities		
Operating profit from continuing operations	72,191	68,710
Decrease/(increase) in amounts due from fellow group undertakings	86,008	(87,457)
Increase in amounts due to fellow group undertakings	2,962	567
Decrease in other assets and receivables	4,478	2,553
(Decrease)/increase in other liabilities	(336)	17,549
Cash inflow from operations	165,303	1,922
Income taxes paid	(12,272)	(7,379)
Net cash inflow from operations	153,031	(5,457)
Net (decrease) in cash and cash equivalents	153,031	(5,457)
Cash and cash equivalents at the beginning of the year	712,751	718,208
Cash and cash equivalents at the end of the year	865,782	712,751

BBAM UK Limited

Notes to the Financial Statements (continued)

31 December 2022

1. Statement of accounting policies

BBAM UK Limited (the “Company”) is a limited liability company incorporated on 11 October 2009 and domiciled in the UK. The following accounting policies have been applied consistently to all years presented, unless otherwise stated.

a) Statement of compliance

The Company’s financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the UK and as applied in accordance with the Companies Act 2006.

b) Basis of preparation

The financial statements are presented in United States Dollars (US\$). The Company’s financial statements have been prepared in accordance with IFRS as adopted by the UK and as applied in accordance with the Companies Act 2006.

COVID-19 Pandemic; Russia-Ukraine Conflict; and Going Concern

These financial statements have been prepared on a going concern basis. The COVID-19 pandemic and the measures implemented by governmental authorities in response to it, continue to impact the financial condition, cash flows and results from operating activities of the Company and its customers, albeit to a lesser degree than in prior years. The effects of COVID-19 continue to evolve, including the risk posed by new coronavirus variants, among other things, which precludes predictions as to its ultimate impact on global financial markets and economic conditions, and on the financial condition, cash flows and results from operating activities of the Company and its customers.

Since Russian troops invaded Ukraine in February 2022, the United States (“U.S.”), European Union (“EU”), and United Kingdom (“UK”), among others, have imposed a broad range of sanctions and export controls on Russia and Russian businesses and individuals. Although the Company has no operations or customers in Russia or Ukraine and believes the direct impact of the conflict on its business will be limited, the Company believes it may be impacted indirectly, including by potential negative impacts on the business and prospects of its customers, delays in maintenance, and volatility in interest rates, commodity prices and foreign currency exchange rates. In light of the continuously evolving situation, it is impossible to predict the impact that the conflict will have on the Company’s business and prospects.

The Directors have considered the impact of COVID-19 pandemic and the Russia-Ukraine conflict on the Company’s going concern assumption and has concluded it does not represent a material uncertainty in relation to the Company’s ability to continue as a going concern for at least twelve months from the date of the issuance of these financial statements.

All liabilities are owing to fellow group entities, as a result, the Directors have considered the impact on BBAM Limited Partnership (“BBAM LP”), the ultimate parent undertaking and controlling party, and its subsidiaries, in the context of the Group’s use of the going concern basis of preparation at the date of signing of these financial statements by evaluating all cash inflows and outflows of BBAM LP and its subsidiaries, over the coming year under the following assumptions, judgements and estimates;

- the current cash and liquidity position and its committed income,
- the estimated cash outflows to cover all obligations for the next twelve months, and
- the letter of support provided by the ultimate parent undertaking and controlling party.

BBAM UK Limited

Notes to the Financial Statements (continued) 31 December 2022

1. Statement of accounting policies (continued)

b) Basis of preparation (continued)

Based on this analysis and all information available at present, the Directors believe that the Company has sufficient liquidity to meet its obligations as they fall due and that it continues to be appropriate to prepare the financial statements on a going concern basis of preparation.

c) New and amended accounting standards and interpretations

The Company applied for the first time, certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2022 (unless otherwise stated). The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Reference to the Conceptual Framework – Amendments to IFRS 3

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately.

At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.

These amendments had no impact on the financial statements of the Company but may impact future periods should the Company enter into any business combinations.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

These amendments had no impact on the financial statements of the Company but may impact future periods should the Company receive property, plant and equipment proceeds before intended use.

BBAM UK Limited

Notes to the Financial Statements (continued)

31 December 2022

1. Statement of accounting policies (continued)

c) New and amended accounting standards and interpretations (continued)

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Company will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments. The amendments did not have a material impact on the Company.

d) Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

Classification of Liabilities as Current or Non-current - Amendments to IAS 1

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. However, in November 2021, the IASB published an exposure draft which included a proposal to defer the effective date to no earlier than 1 January 2024.

The Company is monitoring the developments and is assessing the impact the amendments will have on its current accounting policies.

BBAM UK Limited

Notes to the Financial Statements (continued) **31 December 2022**

1 Statement of accounting policies (continued)

d) Standards Issued but not yet Effective (continued)

Definition of Accounting Estimates - Amendments to IAS 8

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

The Company has assessed the impact of the amendments and determined that these amendments are not expected to have a material impact on the Company.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

The Company has assessed the impact of the amendments and determined that these amendments will not have a material impact on the on the Company's accounting policy disclosures.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12

In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense).

An entity should apply the amendments to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, it should also recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations.

BBAM UK Limited

Notes to the Financial Statements (continued)

31 December 2022

1 Statement of accounting policies (continued)

d) Standards Issued but not yet Effective (continued)

Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12 (continued)

The amendment is effective for annual reporting periods beginning on or after 1 January 2023 with earlier adoption permitted.

The Company has assessed the impact of the amendments and determined that these amendments will not have a material impact on the on the Company's accounting policy disclosures.

e) Revenue Recognition

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Company satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

The Company earns management fees, remarketing fees and service fees for the arrangement of aircraft leasing activities.

f) Foreign Currency

The Company's financial statements are prepared in U.S. dollars (US\$), which is also the functional currency of the Company. All financial information presented in US\$ has been rounded to the nearest dollar unless otherwise indicated. Foreign currency transactions are initially recorded at the spot rate and are translated at the rate of exchange prevailing on the first day of the month. However, where there is a difference of more than 5% between this rate and the rate at the date of the transaction an adjustment is made.

Monetary assets and liabilities denominated in currencies other than US\$ are translated into US\$ at exchange rates prevailing at the end of the reporting period. Non-monetary assets and liabilities are stated at cost based on the exchange rate prevailing at the date of acquisition of the asset. All exchange differences are included in the Statement of Comprehensive Income.

g) Operating Income

Operating income comprising of management fee income, remarketing fee income and service charge income from BBAM are recognised in the Statement of Comprehensive Income. Operating income is recognised in the year in which it is earned.

h) Operating Expenses

The operating expenses of the Company are recognised in the financial statements on an accrual basis. Operating expense comprises of payroll and administrative expenses.

BBAM UK Limited

Notes to the Financial Statements (continued) 31 December 2022

1 Statement of accounting policies (continued)

i) Financial Instruments

The Company's financial assets are all categorised as financial assets measured at amortised cost. Financial assets measured at amortised cost comprises of "cash and cash equivalents", "trade receivable" and "amounts due from fellow group undertakings" in the Statement of Financial Position.

The Company's financial liabilities are all categorised as financial liabilities measured at amortised cost. Financial liabilities measured at amortised cost comprises of "amounts due to fellow group undertakings" and "other liabilities" in the Statement of Financial Position.

1) Financial Assets

Initial recognition and measurement

Financial assets are classified at initial recognition, and subsequently measured at, amortised cost, fair value through Other Comprehensive Income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. The Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- financial assets at amortised cost
- financial assets at fair value through OCI with recycling of cumulative gains and losses
- financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition
- financial assets at fair value through profit or loss

Financial assets at amortised cost

The Company measures financial assets at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost includes "cash and cash equivalents", "trade receivable" and "amounts due from fellow group undertakings".

BBAM UK Limited

Notes to the Financial Statements (continued)

31 December 2022

1. Statement of accounting policies (continued)

i) Financial Instruments (continued)

1) Financial Assets (continued)

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the Statement of Comprehensive Income when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Company does not hold any equity instruments at fair value through OCI.

Financial assets designated at fair value through OCI (debt instruments)

The Company measures debt instruments at fair value through OCI if both of the following conditions are met:

- the financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the Statement of Comprehensive Income and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The Company does not hold any debt instruments at fair value through OCI.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

The Company does not hold any financial asset at fair value through profit or loss.

BBAM UK Limited

Notes to the Financial Statements (continued) 31 December 2022

1. Statement of accounting policies (continued)

i) Financial Instruments (continued)

1) Financial Assets (continued)

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e., removed from the Statement of Financial Position) when:

- the rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
 - (a) the Company has transferred substantially all the risks and rewards of the asset, or
 - (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

Further disclosures relating to impairment of financial assets are also provided in note 18.

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cashflows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages.

- For credit loss exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL).
- those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

BBAM UK Limited

Notes to the Financial Statements (continued)

31 December 2022

1. Statement of accounting policies (continued)

i) Financial Instruments (continued)

1) Financial Assets (continued)

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off for these reasons when there is no reasonable expectation of recovering the contractual cash flows.

2) Financial Liabilities

Initial recognition and measurement

The Company's financial liabilities are all categorised as financial liabilities measured at amortised cost. Financial liabilities measured at amortised cost comprises "amounts due to fellow group undertakings" and "other liabilities" in the Statement of Financial Position.

All financial liabilities are recognised initially at fair value and, in the case of notes payable, net of directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Company has not designated any financial liability as at fair value through profit or loss.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Comprehensive Income.

This category generally applies to interest-bearing loans and borrowings.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Comprehensive Income.

BBAM UK Limited

Notes to the Financial Statements (continued)

31 December 2022

1. Statement of accounting policies (continued)

i) Financial Instruments (continued)

3) Non Derivative Financial Instruments

Non-derivative financial instruments comprise “cash and cash equivalents”, “trade receivable”, “other liabilities”, “amounts due from fellow group undertakings” and “amounts due to fellow group undertakings”.

Non-derivative financial instruments are recognised initially at fair value. Subsequent to initial recognition non-derivative financial instruments are measured at cost using the effective interest rate method, less any impairment losses. Where the terms of a loan facility are amended, the Company determines whether the amendment constitutes a substantial modification under both a quantitative and qualitative basis. If the amendment is deemed a substantial modification, the loan facility is deemed to be a new facility and the loan principal is deemed to have been repaid and all unamortised fees relating to the original loan facility are amortised to the Statement of Comprehensive Income and included under finance expense.

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

j) Cash and cash equivalents

Cash and cash equivalents comprise amounts due from banks and where applicable, overdrafts. They are convertible into cash with an insignificant risk of change in value and with original maturities of less than 90 days.

k) Leases

Leases are accounted for and classified in accordance with IFRS 16 *Leases*. Leases where the Company transfers substantially all of the risks and rewards of ownership to the lessee are classified as finance leases. All other leases are classified as operating leases.

l) Taxation

Corporation tax payable is provided on the results for the year. The Company is subject to UK Corporation tax on trading operations at the standard rate of 19%.

Deferred tax is recognised in respect of all temporary differences that have originated but not reversed at the end of the reporting period where transactions or events have occurred at that date that will result in an obligation to pay more or right to pay less tax. Provision is made at the rates expected to apply when the temporary differences reverse based on legislation substantively enacted at the end of the reporting period. Temporary differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in taxable profits in periods different from those in which they are recognised in the financial statements (on an undiscounted basis).

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying temporary differences can be deducted.

BBAM UK Limited

Notes to the Financial Statements (continued)

31 December 2022

1. Statement of accounting policies (continued)

m) Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

n) Critical Accounting Estimates and Judgments

The preparation of the financial report in conformity with IFRS requires the Directors to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based upon historical experience and various other factors that the Directors believe to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed by the Directors on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

In particular, information regarding balances which include significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are detailed in the following notes:

- Note 1 (i) – Impairment of financial assets – key judgement about risk of default and expected loss rates.

The Company based its judgments, estimates and assumptions on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

o) Determination of fair values

Some of the Company's accounting policies and disclosures require the determination of fair value, for financial and non-financial assets and liabilities. Fair value is the amount at which an instrument could be exchanged in an arm's length transaction between informed and willing parties, other than as part of a forced liquidation sale. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

a. Cash and cash equivalents

The carrying amount approximates to fair value due to the short-term nature of these instruments.

b. Amounts due from fellow group undertakings

The carrying amount approximates to fair value due to the expected short-term nature of these instruments.

BBAM UK Limited

Notes to the Financial Statements (continued)

31 December 2022

1 Statement of Accounting Policies (continued)

o) Determination of fair values (continued)

c. Trade and other receivables

The carrying amount approximates to fair value due to the short-term nature of these instruments.

d. Income tax receivables

The carrying amount approximates to fair value due to the expected short-term nature of these instruments.

e. Amounts due to fellow group undertakings

The carrying amount approximates to fair value due to the expected short-term nature of these instruments.

f. Amounts due to fellow group undertakings

The carrying amount approximates to fair value due to the expected short-term nature of these instruments.

g. Other liabilities

The carrying amount approximates to fair value due to the expected short-term nature of these instruments.

2. Operating income

Operating income is comprised of management fee income, remarketing fee income and service charge income received from BBAM.

3. Operating expenses

	2022 US\$	2021 US\$
General administrative and service reimbursement charges	65,856	68,061
Payroll related		
Salaries and compensation	68,646	74,237
Taxes	9,415	9,436
	143,917	151,734

BBAM UK Limited

Notes to the Financial Statements (continued)

31 December 2022

4. Tax on continuing operations

	2022 US\$	2021 US\$
a) Analysis of tax charge in year		
Current tax:		
UK corporation tax on net profit for year	14,915	10,441
Adjustments in respect of prior periods	–	(22,624)
Corporation tax charge/(credit)	14,915	(12,183)
Deferred tax:		
Origination and reversal of temporary timing differences	–	901
Deferred tax charge	–	901
Total tax charge/(credit) for the period	14,915	(11,282)

b) Reconciliation of the expected tax charge at the standard tax rate to the actual tax charge at the effective rate

The tax assessed for the year is lower (2021: lower) than the standard rate of corporation tax in the UK 19% (2021: 19%). The differences are explained below:

	2022 US\$	2021 US\$
Profit on ordinary activities before taxation	72,191	68,710
Tax on profit on ordinary activities at standard UK corporation tax rate of 19 % (2021: 19%)	13,716	13,055
Effects of:		
Non-assessable expense/(income) not allowed for tax purposes	1,199	(2,614)
Adjustments in respect of prior periods	–	(22,624)
Difference in the rate for current tax and deferred tax	–	901
Total tax charge/(credit) for the period	14,915	(11,282)

c) Circumstances affecting current and future tax charges

On 3 March 2021 the UK Government announced that legislation will be introduced in the Finance Bill 2021 to increase the main rate of corporation tax from 19% to 25% with effect from 1 April 2023.

BBAM UK Limited

Notes to the Financial Statements (continued) 31 December 2022

4. Tax on continuing operations (continued)

d) *Deferred income tax*

	2022 US\$	2021 US\$
Opening balance	–	901
Deferred tax expense	–	(901)
Total deferred tax asset	–	–

The deferred income tax movement in 2021 was driven mainly by differences in bonus payment for tax purposes.

5. Cash and cash equivalents

	2022 US\$	2021 US\$
Cash at bank	865,782	712,751
	865,782	712,751

6. Amounts due from fellow group undertakings

	2022 US\$	2021 US\$
Amounts due from fellow group undertakings	87,253	173,261
	87,253	173,261

Amounts due from fellow group undertakings are unsecured, interest free and repayable on demand.

7. Trade receivable

	31 December 2022 US\$	31 December 2021 US\$
Other receivables	–	4,541
	–	4,541

8. Other assets

	2022 US\$	2021 US\$
Prepaid expenses	2,671	2,608
	2,671	2,608

BBAM UK Limited

Notes to the Financial Statements (continued)

31 December 2022

9. Amounts due to fellow group undertakings

	2022 US\$	2021 US\$
Amounts due to fellow group undertakings	7,414	4,452
	7,414	4,452

Amounts due to fellow group undertakings are unsecured, interest free and repayable on demand.

10. Other liabilities

	2022 US\$	2021 US\$
Expense accruals	25,276	25,612
	25,276	25,612

11. Share capital

	2022 US\$	2021 US\$
<i>Authorised</i>		
100,000 ordinary shares of £1 each	100,000	100,000
	2022 US\$	2021 US\$
<i>Allotted, called up and fully paid</i>		
1 ordinary share of £1 each	1	1

BBAM UK Limited

Notes to the Financial Statements (continued)

31 December 2022

12. Fair value

Fair value is defined as the price at which an asset could be exchanged in a current transaction between knowledgeable, willing and able parties. A liability's fair value is defined as the amount that would be paid to transfer the liability to a new obligor, not the amount that would be paid to settle the liability with the creditor.

The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

a) Fair value of financial assets and liabilities

The fair value of the Company's cash and cash equivalents, trade receivable, amounts due from fellow group undertakings, amounts due to fellow group undertakings and other liabilities approximate their carrying value.

The following table summarises fair value measurements recognised in the statement of financial position or disclosed in the Company's financial statements by asset or liability and categorised by level according to the significance of the inputs used in making the measurements.

	Instruments at fair value through profit and loss 2022 US\$	Instruments at fair value through other comprehensive income 2022 US\$	Amortised Cost 2022 US\$	Carrying Amount 2022 US\$	Fair Value 2022 US\$
Cash and cash equivalents	—	—	865,782	865,782	865,782
Amounts due from fellow group undertakings	—	—	87,253	87,253	87,253
Financial assets 2022	—	—	953,035	953,035	953,035
Amounts due to fellow group undertakings	—	—	7,414	7,414	7,414
Other liabilities	—	—	25,276	25,276	25,276
Financial liabilities 2022	—	—	32,690	32,690	32,690

BBAM UK Limited

Notes to the Financial Statements (continued)

31 December 2022

12. Fair value (continued)

a) Fair value of financial assets and liabilities (continued)

	Instruments at fair value through profit and loss 2021 US\$	Instruments at fair value through other comprehensive income 2021 US\$	Amortised Cost 2021 US\$	Carrying Amount 2021 US\$	Fair Value 2021 US\$
Cash and cash equivalents	—	—	712,751	712,751	712,751
Trade receivable	—	—	4,541	4,541	4,541
Amounts due from fellow group undertakings	—	—	173,261	173,261	173,261
Financial assets 2021	—	—	890,553	890,553	890,553
Amounts due to fellow group undertakings	—	—	4,452	4,452	4,452
Other liabilities	—	—	25,612	25,612	25,612
Financial liabilities 2021	—	—	30,064	30,064	30,064

13. Statutory and other information

The profit on ordinary activities before taxation is stated after charging:

	2022 US\$	2021 US\$
Directors' remuneration	68,646	74,237
Auditor's remuneration	11,499	13,102
Tax preparer's remuneration	4,437	3,650
	84,582	90,989

The highest paid Director was paid an amount of US\$68,646 in 2022 (2021: US\$74,237). Auditor's remuneration, shown exclusively of value added tax (VAT), arises solely on fees incurred for the statutory audit. The tax compliance fee incurred is payable to the auditor.

14. Employees

The Company has one employee who is also a director.

BBAM UK Limited

Notes to the Financial Statements (continued)

31 December 2022

15. Ultimate and immediate parent undertaking

The Company is a limited liability company incorporated and domiciled in the UK. The Company is a wholly-owned subsidiary of BBAM International Limited Partnership ("BBAM ILP"), a company incorporated in the Cayman Islands. BBAM ILP is a wholly-owned subsidiary of BBAM Limited Partnership ("BBAM LP"), a company incorporated in the Cayman Islands.

As at 31 December 2022, the immediate parent undertaking is BBAM ILP. The ultimate parent undertaking and controlling party is BBAM LP. BBAM LP, the smallest and largest group in which the financial statements of the Company are consolidated. The consolidated financial statements of BBAM LP are not publicly available.

16. Related party transactions

The Company has been engaged to provide management and consulting services to BBAM. BBAM is a wholly owned subsidiary of the ultimate parent undertaking. The fees earned from BBAM during the year totalled US\$216,108 (2021: US\$220,444). The balance receivable from BBAM at 31 December 2022 was US\$ 48,610 (2021: US\$157,457).

The Company has amounts receivable/(payable) from fellow group undertakings as disclosed in aggregate in Notes 6 and 9. The following is a list of those fellow group undertakings and their relationship with the Company:

Company	Relationship Type	31-Dec-2022 US\$	31-Dec-2021 US\$
BBAM International LP	Immediate parent undertaking	—	—
BBAM US LP	Owned by immediate parent	(7,414)	(4,452)
		<u>(7,414)</u>	<u>(4,452)</u>
BBAM Aircraft Management LP	Owned by immediate parent	48,610	157,457
Summit Meridian GP Co. Ltd	Related party undertaking	22,472	613
Jupiter Aviation GP Co Ltd	Related party undertaking	6,354	6,354
Horizon Aircraft Manager Co. Ltd	Related party undertaking	1,087	2,698
Horizon Aircraft Manager II Co. Ltd	Related party undertaking	704	1,844
Horizon Aircraft Manager III Co. Ltd	Related party undertaking	470	1,321
Include II B GP (Cayman) Co. Ltd.	Related party undertaking	5,654	2,736
Include II A GP (Cayman) Co. Ltd.	Related party undertaking	492	238
BBZM Freighter A GP (Cayman) Co. Ltd	Related party undertaking	21	—
BBZM Freighter b GP (Cayman) Co. Ltd	Related party undertaking	1,389	—
		<u>87,253</u>	<u>173,261</u>

BBAM UK Limited

Notes to the Financial Statements (continued)

31 December 2022

17. Capital management

The primary objective of the Company in terms of capital management is to ensure that appropriate capital ratios are maintained in order to support the business. Capital comprises issued share capital and retained earnings and is measured at US\$926,851 as at 31 December 2022 (2021: US\$869,575). The Company manages its capital base and makes adjustments to it in light of changes in economic conditions. There have been no changes in the objectives, policies or processes relating to capital management during the financial year 2022.

18. Risk and uncertainties

a) Market risk

The Company is subject to the market risk of the companies for which management services are provided. The Company's customers are BBAM LP entities which are depended upon the continuing strength of the commercial airline industry. A significant deterioration in this sector could adversely affect the Company through a reduced demand for aircraft in the fleet and/or reduced market rates, higher incidences of lessee default and aircraft on ground all of which may require that the carrying value of aircraft be materially reduced. These exposures are managed through the requirement of the airlines that have leasing agreements with fellow group undertakings to maintain insurance, adequate maintenance policies and/or contribute to a maintenance reserve for the major maintenance on each aircraft. The effective monitoring and controlling of these exposures for the year was a competency of BBAM as part of the financial risk policy which the Company has entered into.

A significant deterioration in the financial condition of or bankruptcy by a lessee could impair their ability to comply with their lease payment obligations to the Company and expose the Company to significant financial loss.

b) Credit risk

Credit risk is defined as unexpected loss in cash and earnings if the counterparty is unable to pay its obligations in due time. The effective monitoring and controlling of airline customer credit risk is a competency of BBAM as part of the financial risk policy the BBAM LP entities have entered into. Creditworthiness of each new customer is assessed and fellow group undertakings that have leasing agreements with airlines seek security deposits in the form of cash or Letter of Credit to mitigate overall financial exposure to its lessees. The assessment process takes into account qualitative and quantitative information about the customer such as business activities, financial resources and performance or business risks, to the extent that this information is publicly available or otherwise disclosed to the fellow group undertaking.

The Company holds cash balances which are invested on a short-term basis and are classified as cash and cash equivalents. These deposits give rise to credit risk on amounts due from counterparties. Credit risk is managed by limiting the aggregate amount and duration of exposure to any one counterparty. The Company typically does not enter into deposits with duration of more than 3 months.

The Company and BBAM periodically perform reviews of its trade receivables, and the sufficiency of accruals and provisions, substantially all of which are susceptible to the above risks and uncertainties.

Impairment of financial assets

The Company has three types of financial assets that are subject to the expected credit loss ("ECL") model:

- cash and cash equivalents
- trade receivable
- amounts due from group undertakings

BBAM UK Limited

Notes to the Financial Statements (continued)

31 December 2022

18. Risk and uncertainties (continued)

b) Credit risk (continued)

Cash and cash equivalents

While cash and cash equivalents are subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Trade receivable

While trade receivable is subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Amounts due from group undertakings

While amounts due from group undertakings are subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

c) Liquidity risk

In the management of liquidity risk, the Company and BBAM monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Company's operations and mitigate the effects of the fluctuation in cash flows.

The Company's exposure to liquidity risk is minimal as the Company maintains sufficient cash and cash equivalents to meet its short-term liabilities.

d) Foreign currency risk

The Company's exposure to foreign currency risk is minimal. The Company's foreign currency exposures arise mainly on audit and tax fees which are denominated in Euro and Pound Sterling, respectively.

e) Interest rate risk

The Company is not exposed to interest rate risk through the impact of rate changes as interest bearing liabilities are zero. Therefore, no sensitivity analysis has been provided.

19. Events after the reporting period

There are no significant events subsequent to 31 December 2022 that require adjustment to or disclosure in these financial statements.

20. Approval of financial statements

The Board of Directors approved and authorised these financial statements on 08 September 2023.